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Hearing Date: December 16, 2008 at 10:00 a.m.
Obj. Deadline: November 28, 2008 at 4:00 p.m.

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11
:
LEHMAN BROTHERS HOLDINGS, et al., : Case No. 08-13555 (JPM)
:
Debtors. : (Jointly Administered)
-----X

**SUPPLEMENT TO OBJECTION OF THE HOTCHKISS SCHOOL TO
DEBTORS' MOTION FOR ORDER PURSUANT TO SECTIONS 105
AND 365 OF THE BANKRUPTCY CODE TO ESTABLISH
PROCEDURES FOR THE SETTLEMENT OR ASSUMPTION AND
ASSIGNMENT OF PREPETITION DERIVATIVE CONTRACTS**

The Hotchkiss School ("Hotchkiss"), by and through its undersigned counsel, hereby submits this supplement (the "Supplement") to the objection (the "Objection")¹ [Docket No. 1804] to the Debtors' Motion for Order Pursuant to Sections 105 and 365 of the Bankruptcy

¹ Capitalized terms used but not defined herein shall have the meanings given to such terms in the Objection.

Code to Establish Procedures for the Settlement or Assumption and Assignment of Prepetition Derivative Contracts [Docket No. 1498] (the “Motion”) filed on November 26, 2008 [Docket No. 1498]. In support of this Supplemental Statement, Hotchkiss respectfully states as follows:

SUPPLEMENTAL STATEMENT

1. Since the filing of the Objection, Hotchkiss properly terminated the Hotchkiss Swap, effective as of December 8, 2008. Based upon such effective termination, Hotchkiss submits that the procedures proposed by the Motion would not apply to the Hotchkiss Swap, even if the Court enters an order approving them. To the extent that the Debtors dispute the effectiveness of the termination of the Hotchkiss Swap, Hotchkiss objects to the Motion inasmuch as the Debtors are seeking to impermissibly rewrite both the Bankruptcy Code and financial contracts to which the Debtors are party. The Motion, if approved, would unfairly rob counterparties to the Derivatives Contracts of the benefit of the bargain they otherwise are entitled to based on the terms of these financial contracts and the Bankruptcy Code's safe harbor provisions. Accordingly, subject to the limitation noted above, the Motion should be denied.

RESERVATION OF RIGHTS

2. Hotchkiss reserves the right (a) to amend, supplement, or otherwise further modify this Supplemental Statement and the Objection and all attachments and exhibits thereto as necessary or proper; (b) to call all necessary or proper witnesses to testify in support of the Objection; and (c) to raise such other and further objections to any proposed assumption, assumption and assignment, and/or any cure amounts associated with any proposed assumption or assumption and assignment of any contracts involving Hotchkiss.

CONCLUSION

WHEREFORE, to the extent that the Debtors dispute the effectiveness of the termination of the Hotchkiss Swap, Hotchkiss respectfully requests that the Court enter an Order denying the relief sought in the Motion on the grounds more fully set forth in the Objection and granting such other and further relief as may be appropriate and just.

Dated: December 15, 2008

Respectfully submitted,

MORITT HOCK HAMROFF &
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